

# **Safety-Net CRAC Adjustment**

**(Update to August 28<sup>th</sup> Workshop)**

Thursday, December 18, 2003  
Rates Hearing Room



## FB and SN CRAC Final Study Forecasts

- FB and SN CRAC Parameters and Results from the Final Studies

SN-03 Final Study #3, BPA's Proposal: Variable, Flat SN CRAC, 80% TPP   BPA reserves							
<i>Most figures are expected values; eventual values may be different or in some cases very different</i>							
File Name: TK_187_SN-03_FS#3_BPA-Prop_Variable_Flat_SNN_24-Jun-03.xls							
	FB\$	SN\$	FB+SN\$	End Rsvs	1-Yr TPP		
2004	87	141	228	408	94%	85%	351
2005	74	165	239	361	86%	TRP	06 Reserves
2006	86	155	240	351	80%	-139	113
Avg./Tot	246	460	707		'04-06 TPP	'02-06 NR	06 PBL Rsrvs
	FB%	SN%	FB+SN%	FB+SN+L B%	Rate% over 2003	Thresh	Cap
2004	11.1%	15.0%	26.0%	51.4%	3.57%	-378	320
2005	9.1%	17.0%	26.0%	54.0%	5.35%	-204	320
2006	10.3%	15.7%	25.9%	54.3%	5.52%	-161	320
Avg./Tot	10.1%	15.9%	26.0%	53.2%	4.81%		



## Rates Calculation Overview

<b>STEP 1: Contingent Calculation</b> Calculate FB and SN CRAC Thresholds and SN CRAC Caps	<b>STEP 2: Variable Calculation</b> Calculate ANR and Actual FB and SN CRACs
<p>Contingent calculation takes into account:</p> <ol style="list-style-type: none"> <li>1. Reductions in forecasted budgets for FY 2004-2006 in Internal Operations; CGS, Corps, Bureau O&amp;M; Fish &amp; Wildlife costs</li> <li>2. Actual and forecasted changes in PBL Net Revenues for FY2003 due to changes in hydro conditions or market prices</li> <li>3. IOU/Public Settlement</li> </ol> <p><i>Using Final Study ANR, revised with above changes, calculate new Thresholds and Caps</i></p>	<ol style="list-style-type: none"> <li>1. Calculate ANR using full set of 3<sup>rd</sup> Qtr. Review results (e.g., all changes in Net Revenues)</li> <li>2. Calculate FB CRAC percentage</li> <li>3. Calculate SN CRAC percentage</li> </ol> <p><i>Using caps and thresholds from Step 1, and 3<sup>rd</sup> Quarter Review forecast of 2003 ANR, calculate 2004 FB CRAC and SN CRAC percentages.</i></p>
<p>* If a settlement is completed by <b>February 15, 2003</b>, BPA will revise the thresholds and cap calculation to account for settlement and set the '04 rates accordingly.</p>	



## Contingent Recalculation

- Essentially a tune-up of Final Studies calculations.
- This step is "synthetic" – mix of old and new data.
- Recalculates SN caps, FB & SN thresholds for:
  1. Changes in 2003 NR due to hydro/market;
  2. Reductions in 2004-6 O&M (Corps, Bureau, F&W, ENW, Internal Operations), if any; and
  3. IOU-Public settlement, if any.
  4. Adjustments due to Corrections (December Calculation)
- Updated Results Since the August 28<sup>th</sup> workshop

	FB/SN Thresholds August 28 <sup>th</sup>	FB/SN Thresholds December 18	FB Caps No Change	SN Caps August 28 <sup>th</sup>	SN Caps December 18
2004	(-) \$378 M	(-) \$391 M	\$150 M	\$305 M	\$290 M
2005	(-) \$197 M	(-) \$210 M	\$150 M	\$305 M	\$290 M
2006	(-) \$150 M	(-) \$166 M	\$175 M	\$305 M	\$290 M

\* Adjustment was made between the Aug. 14<sup>th</sup> and 28<sup>th</sup> Workshops



## Contingent Recalculation – Starting Point

- FB & SN CRAC parameters and results from SN-03 final studies

SN-03 Final Study #3, BPA's Proposal: Variable, Flat SN CRAC, 80% TPP   BPA reserves							
<i>Most figures are expected values; eventual values may be different or in some cases very different</i>							
File Name: TK_187_SN-03_FS#3_BPA-Prop_Variable_Flat_SNN_24-Jun-03.xls							
	FB\$	SN\$	FB+SN\$	End Rsvs	1-Yr TPP		
2004	87	141	228	408	94%	85%	351
2005	74	165	239	361	86%	TRP	06 Reserves
2006	86	155	240	351	80%	-139	113
Avg./Tot	246	460	707		'04-06 TPP	'02-06 NR	06 PBL Rsvs
	FB%	SN%	FB+SN%	FB+SN+LB%	Rate% over 2003	Thresh	Cap
2004	11.1%	15.0%	26.0%	51.4%	3.57%	-378	320
2005	9.1%	17.0%	26.0%	54.0%	5.35%	-204	320
2006	10.3%	15.7%	25.9%	54.3%	5.52%	-161	320
Avg./Tot	10.1%	15.9%	26.0%	53.2%	4.81%		



## Cont. Recalculation – Step 1

### ■ Determine size of SN CRAC Caps

1. Use fixed (pre-determined) SN CRAC \$ for all three years
2. Use FB & DDC Thresholds from May 2000 rate case
3. Adjust SN CRAC \$ till FB% + SN% same for all three years, and TPP = 80%
4. Caps will be equal to average SN \$ + \$100M (to nearest \$5M)

Run 1f: Final Contingent run, fixed SN, 80% TPP for cap sizing   BPA reserves							
Most figures are expected values; eventual values may be different or in some cases very different							
File Name: TK_192_Run-1f_Cont-Fixed-SN_80%_11-Dec-03.xls							
	FB\$	SN\$	FB+SN\$	End Rsvs	1-Yr TPP		
2004	95	149	244	443	96%	82%	478
2005	56	204	260	435	86%	TRP	06 Reserves
2006	49	218	267	478	80%	-6	
Avg./Tot	200	571	771		'04-06 TPP	'02-06 NR	
	FB%	SN%	FB+SN%	FB+SN+L B%	Rate% over 2003	Thresh	Cap
2004	12.2%	15.8%	28.0%	53.3%	4.85%	N / A	N / A
2005	6.9%	21.0%	27.9%	55.9%	6.67%	N / A	N / A
2006	5.9%	22.1%	27.9%	56.4%	6.96%	N / A	N / A
Avg./Tot	8.3%	19.6%	27.9%	55.2%	6.16%		



## Contingent Recalculation – Step 2

- Determine Thresholds used for both SN and FB.
  1. Use Caps calculated in Run #1
  2. FB Thresholds = SN Thresholds; Rebate Thresholds = SN Thresholds + \$15M
  3. Adjust Thresholds till FB% + SN% same for all three years, and TPP = 80%

Run 2f: Final Contingent run, variable SN, 80% TPP for thresholds   BPA reserves							
Most figures are expected values; eventual values may be different or in some cases very different							
File Name: TK_192_Run-2f_Cont-Var-SN_80%_11-Dec-03.xls							
	FB\$	SN\$	FB+SN\$	End Rsvs	1-Yr TPP		
2004	95	118	213	413	94%	84%	355
2005	73	152	225	364	86%	TRP	06 Reserves
2006	84	144	228	355	80%	-134	117
Avg./Tot	252	414	666		'04-06 TPP	'02-06 NR	06 PBL Rsrvs
	FB%	SN%	FB+SN%	FB+SN+L B%	Rate% over 2003	Thresh	Cap
2004	12.1%	12.5%	24.6%	50.2%	2.77%	-391	290
2005	9.0%	15.7%	24.6%	53.0%	4.64%	-210	290
2006	10.1%	14.6%	24.7%	53.4%	4.91%	-166	290
Avg./Tot	10.4%	14.3%	24.6%	52.2%	4.11%		



## Contingent Calculation Summary Results

- Unless there is a settlement, these are the final Caps and Thresholds for FY 2004-6.
- Calculation of FB% and SN% for 2004 performed by separate spreadsheet, not by ToolKit.

### Summary Results

	8-28 Workshop			Final 12-18 Workshop		
	2004	2005	2006	2004	2005	2006
FB CRAC caps (unchanged from May 2000)	150	150	175	150	150	175
SN CRAC caps	305	305	305	290	290	290
FB CRAC and SN CRAC thresholds	-378	-197	-150	-391	-210	-166
Rebate thresholds*		-182	-135		-195	-151

\* No rebate for 2004 – only rebates previously collected SN CRAC revenue





## ToolKit Forecast versus final 3rd Quarter Review

### Calculation of Rates

- ToolKit calculates rates based on 3000 games. The 2004 FB and SN CRAC rate will be calculated using the 3rd quarter ANR forecast.
- A key difference between the two approaches is that the FB CRAC expected value in ToolKit is less than what the FB CRAC is when calculated using a deterministic approach. A small percentage of games in ToolKit have the FB CRAC collecting less than the maximum amount resulting in a lower average FB CRAC rate.
- When the 2004 final rates were calculated, the FB CRAC was calculated first. The SN CRAC was then calculated to recover the remaining shortfall.
- Even when the FB CRAC does not trigger to its maximum allowable amount, there is still an SN CRAC. This is due to the fact that the FB CRAC assumes 0% SLICE. Because there is SLICE, the FB CRAC collects less than the maximum allowable amount (approx. 64% of FB CRAC amount). The remaining amount flows to the SN CRAC.



## SN CRAC Adjustment December 18, 2003

### Identifying the Revenue Basis for the CRACs

	A	B	C	D	E
1	<b>LB Rev Basis</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	
2	Slice	371,776,313	371,785,361	371,781,631	
3	Non-Slice	761,726,396	790,066,722	806,754,469	
4					
5	<b>C&amp;R Discount</b>				
6	Slice	6,955,711	6,955,711	6,955,711	
7	Non-Slice	23,945,953	24,836,871	25,361,475	
8	LB Rate Basis Total	<b>\$ 1,164,404,374</b>	<b>\$ 1,193,644,665</b>	<b>\$ 1,210,853,287</b>	(All but LDD)
11					
12	<b>IOU Adjustments</b>				
13	Slice add'l benefits	\$17,661,358	\$17,661,358	\$17,661,358	
14					
15	Slice True-up	39,286,000	69,534,000	67,689,000	
16					
17	<b>FB Rev Basis</b>				
18	Non-Slice B3+B7	785,672,349	814,903,593	832,115,944	
19	Slice B2+B6+B13+B15	435,679,382	465,936,430	464,087,700	
20	Total	<b>\$ 1,221,351,732</b>	<b>\$ 1,280,840,023</b>	<b>\$ 1,296,203,645</b>	
21	Ratio B18/B20	64.33%	63.62%	64.20%	
22					
23	IOU add'l 900aMW	156,214,656	155,787,840	155,787,840	
24					
25	<b>SN Rev Basis</b>				
26	B18+B23	<b>\$ 941,887,005</b>	<b>\$ 970,691,433</b>	<b>\$ 987,903,784</b>	
27					
28	<b>Puget / PacCorp 619 aMW</b>				
29	Not in SN Rev Basis above	107,440,969	107,147,414	107,147,414	
30	because it reduces LB CRAC				



## TPP, Rates After Calculating '04 CRACs

- Following GRSP methodology
- All 2003 data updated to final 3rd Quarter Review
- TPP is above 80%

Run 3: Calculate TPP with draft known GRSP CRAC % for 2004   BPA reserves							
<i>Most figures are expected values; eventual values may be different or in some cases very different</i>							
File Name: TK_192_Run-3_TPPs-with-GRSP-04-CRACs_21-Aug-03.xls							
	FB\$	SN\$	FB+SN\$	End Rsvs	1-Yr TPP		
2004							
2005							
2006							
Avg./Tot							
	FB%	SN%	FB+SN%	FB+SN+L B%	Rate% over 2003	Thresh	Cap
2004							
2005							
2006							
Avg./Tot							

**Run 3f is NOT Needed.**



## Revised Final Rates Based on 80% TPP

- Uses Administrator's discretion from GRSPs
- All 2003 data updated to final 3rd Quarter Review
- 2004 SN CRAC reduced
- 2005/6 FB/SN CRAC recalibrated to reach 80%
- Same reduction from Rate Case final projections for all three years

Run 4f: Reduce '04 SN and recalibrate '05/6 to 80%; equal reductions each year   BPA reserves							
<i>Most figures are expected values; eventual values may be different or in some cases very different</i>							
File Name:TK_196_Run-4f_TPPs-with-reduced-04-SNCRAC_NewLBs_16-Dec-03.xls							
	FB\$	SN\$	FB+SN\$	End Rsvs	1-Yr TPP		
2004	96	95	191	451	96%	84%	328
2005	68	135	203	364	87%	TRP	06 Reserves
2006	78	126	204	328	80%	-205	62
Avg./Tot	242	357	599		'04-06 TPP	'02-06 NR	06 PBL Rsrvs
	FB%	SN%	FB+SN%	FB+SN+L B%	Rate% over 2003	Thresh	Cap
2004	12.3%	10.1%	22.4%	44.8%	-0.92%	N / A	N / A
2005	8.4%	13.9%	22.3%	54.3%	5.53%	-264	290
2006	9.3%	12.8%	22.1%	54.2%	5.50%	-252	290
Avg./Tot	10.0%	12.3%	22.3%	51.1%	3.37%		



## Effects on LB CRAC

- The LB CRAC 5 rate was set in June and took effect October 1, 2003 through March 31, 2004. Any adjustment to the LB CRAC due to SN CRAC will be captured in the true-up calculation in June of 2004.
- The LB CRAC 6 rate, set on December 18<sup>th</sup> includes the LB-SN Linkage. Because the Financial-Based CRAC adjustment is at its maximum for FY 2004, BPA forecasts a reduction of about \$6 million in payments that otherwise would be captured by the LB CRAC. This translates to about a 1 percentage point reduction in the level of the LB CRAC6 adjustment. This, in turn, reduces the LB CRAC6 Slice and non-Slice rate increases over May 2000 rates. These changes are based on formulas.

### **Effect of SN CRAC on LB CRAC.**

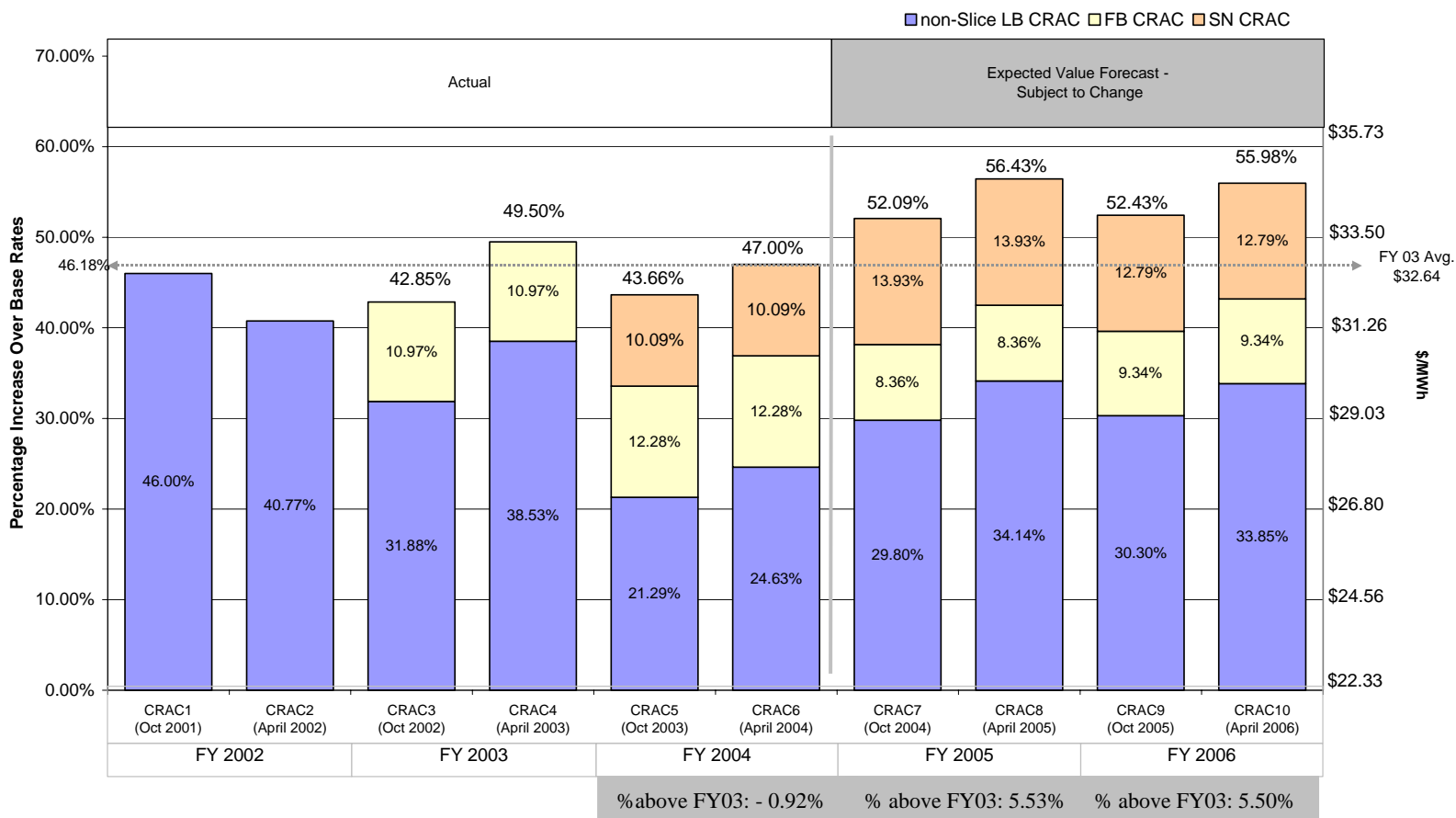
- The LB reduction is due to the Pac/Puget load reduction agreements.
  - Step 1: 619 aMW X \$19.76 MWh x 8784 hours.
  - Step 2: step 1 \* (SN CRAC% – (FB max – FB actual)).
  - Step 3: step 2 / LB CRAC revenue basis.



# SN CRAC Adjustment December 18, 2003

## Expected Power Rate Adjustments over May 2000 Base Rates for FY 2004-2006

Forecasted Based on 3rd Quarter Results w/ December LB Update  
and SN CRAC Correction



FY 2004 rates are based on a deterministic point forecast based on final 3rd Quarter Results.

FY 2005-2006 rates are an expected value forecast calculated through ToolKit.

The percentage change from FY 2003 rates was calculated using ToolKit, which already accounts for the LB-SN Linkage.

*Rebate not included in estimated rates (FY05-06)*



# **Rates With Settlement**



## Contingent Recalc. – W/ Settlement

- This is the procedure if settlement achieved by Feb. 15, 2004
- Essentially a tune-up of Final Studies calculations
- This step is "synthetic" – mix of old and new data
- Recalculates SN Caps, FB & SN Thresholds for:
  1. Changes in 2003 NR due to hydro/market;
  2. Reductions in 2004-6 O&M (Corps, Bureau, F&W, ENW, Internal Operations), if any; and
  3. IOU-Public settlement, if any.
  4. Includes adjustment due to corrections
- Changes Since August/September Workshops:
  1. Adjusted Settlement for 0% SN CRAC in FY 2004
  2. Adjusted PGE portion of the IOU settlement deferment from FY 2004 to FY 2005





## Contingent Recalculation W/ Settlement – Starting Point

- FB & SN CRAC parameters and results from SN-03 Final Studies

SN-03 Final Study #3, BPA's Proposal: Variable, Flat SN CRAC, 80% TPP   BPA reserves							
<i>Most figures are expected values; eventual values may be different or in some cases very different</i>							
File Name: TK_187_SN-03_FS#3_BPA-Prop_Variable_Flat_SNN_24-Jun-03.xls							
	FB\$	SN\$	FB+SN\$	End Rsvs	1-Yr TPP		
2004	87	141	228	408	94%	85%	351
2005	74	165	239	361	86%	TRP	06 Reserves
2006	86	155	240	351	80%	-139	113
Avg./Tot	246	460	707		'04-06 TPP	'02-06 NR	06 PBL Rsvs
	FB%	SN%	FB+SN%	FB+SN+LB%	Rate% over 2003	Thresh	Cap
2004	11.1%	15.0%	26.0%	51.4%	3.57%	-378	320
2005	9.1%	17.0%	26.0%	54.0%	5.35%	-204	320
2006	10.3%	15.7%	25.9%	54.3%	5.52%	-161	320
Avg./Tot	10.1%	15.9%	26.0%	53.2%	4.81%		



## Contingent Recalculation W/ Settlement – Step 1

- Determine size of SN CRAC caps
  1. Use fixed (pre-determined) SN CRAC \$ for all three years
  2. Use FB & DDC Thresholds from May 2000 rate case
  3. Adjust SN CRAC \$ till FB% + SN% same for all three years, and TPP = 80%
  4. Caps will be equal to average SN \$ + \$100M (to nearest \$5M)

Run 5f: 'Draft Settlement' Contingent run, fixed SN, 80% TPP for cap sizing   BPA reserves							
Most figures are expected values; eventual values may be different or in some cases very different							
File Name: TK_196_Run-5f_Draft-Settlement_Cont-Fixed-SN_80%_11-Dec-03.xls							
	FB\$	SN\$	FB+SN\$	End Rsvs	1-Yr TPP		
2004	99	77	176	483	98%	82%	481
2005	67	122	189	453	86%	TRP	06 Reserves
2006	69	124	193	481	80%	-222	
Avg./Tot	234	323	557		'04-06 TPP	'02-06 NR	
	FB%	SN%	FB+SN%	FB+SN+L B%	Rate% over 2003	Thresh	Cap
2004	12.6%	8.2%	20.8%	43.0%	-2.17%	N / A	N / A
2005	8.2%	12.6%	20.8%	42.8%	-2.34%	N / A	N / A
2006	8.2%	12.6%	20.8%	43.3%	-2.01%	N / A	N / A
Avg./Tot	9.7%	11.1%	20.8%	43.0%	-2.17%		



## Contingent Recalculation W/ Settlement – Step 2

- Determine thresholds used for both SN and FB
  1. Use Caps calculated in run #1
  2. FB Thresholds = SN Thresholds; Rebate Thresholds = SN Thresholds + \$15M
  3. Adjust Thresholds till FB% + SN% same for all three years, and TPP = 80%

Run 6f: 'Draft Settlement' Contingent run, variable SN, 80% TPP for thresholds   BPA reserves							
Most figures are expected values; eventual values may be different or in some cases very different							
File Name: TK_196_Run-6f_Draft-Settlement_Cont-Var-SN_80%_11-Dec-03.xls							
	FB\$	SN\$	FB+SN\$	End Rsvs	1-Yr TPP		
2004	89	55	144	454	97%	84%	358
2005	61	94	156	383	87%	TRP	06 Reserves
2006	68	89	157	358	80%	-348	120
Avg./Tot	219	238	457		'04-06 TPP	'02-06 NR	06 PBL Rsrvs
	FB\$	SN\$	FB+SN\$	End Rsvs	1-Yr TPP		
	FB%	SN%	FB+SN%	FB+SN+L B%	Rate% over 2003	Thresh	Cap
2004	11.3%	5.9%	17.2%	39.8%	-4.38%	-460	210
2005	7.5%	9.7%	17.2%	39.6%	-4.54%	-370	210
2006	8.2%	9.0%	17.2%	40.0%	-4.26%	-405	210
Avg./Tot	9.0%	8.2%	17.2%	39.8%	-4.39%		



## Contingent Recalculation W/settlement Summary Results

- These changes to the FB CRAC and SN CRAC parameters would be final– unless the Administrator elects to impose a different SN CRAC in 2004 or 5, which would then cause a recalibration of CRAC parameters to meet the 80% TPP standard.
- Calculation of FB% and SN% for 2004 performed by separate spreadsheet, not by ToolKit.

	11-26 Update			Final 12-18 Workshop		
	2004	2005	2006	2004	2005	2006
FB CRAC caps (unchanged from May 2000)	150	150	175	150	150	175
SN CRAC caps	0	220	220	0	210	210
FB CRAC and SN CRAC thresholds	-451	-393	-385	-460	-415	-440
Rebate thresholds*		-378	-393		-370	-425

\* No rebate for 2004 – only rebates previously collected SN CRAC revenue



# SN CRAC Adjustment December 18, 2003

## Calculation of FB and SN CRAC – With Settlement

FY2004 Calculation of Rates - Settlement - No Rate Target							
		2004					
\$ in thousands		Oct-Sep					
<b>FB CRAC</b>			<b>FB CRAC formula</b>				
	Threshold	\$ (459,800)	FB CRAC% = (Threshold - ANR) / (Rev Basis Slice + Rev Basis non-Slice)				
	Cap	\$ 150,000					
	Rev Basis Slice	\$ 406,559	Expected Revenue from the FB CRAC = FB CRAC % * Rev Basis non-Slice				
	Rev Basis non-Slice	\$ 785,672					
<b>SN CRAC</b>			<b>SN CRAC formula</b>				
	Threshold	\$ (459,800)	SN CRAC % = (Threshold - ANR - Expected Revenue from FB CRAC - CAL) /				
	Cap	\$ 210,000	SN CRAC Rev Basis				
	Rev Basis	\$ 941,887	Expected Revenue from the SN CRAC = SN CRAC % * SN CRAC Rev Basis				
<b>ANR</b>							
	Forecast w/o SN	\$ (593,781)	\$ (637,793)				
<b>LB CRAC</b>			44012				
	Initial Percent	23.00%	\$ (133,981)				
	Revenue Basis	\$ 1,164,404					
<b>Maximum Recovery Amount (MRA)</b>		\$ 133,981					
<b>FB CRAC Recovery Amount</b>		\$ 88,293					
<b>CAL</b>		\$ 2,230					
<b>SN CRAC Recovery Amount</b>		\$ 43,458					
<b>FB CRAC %</b>		11.24%	FB Max %	12.58%			
<b>SN CRAC %</b>		4.61%	SN in LB reduction	3.27%			
<b>Combined FB &amp; SN</b>		15.85%					
<b>LB Reduction in \$s</b>		3513					
<b>LB Reduction in %</b>		0.30%					
<b>Overall Rate</b>		38.55%	Change from 2003	-5.23%			

	Rate Increase	Recovery Amount
<b>LB CRAC</b>	22.70%	\$ 264,320
<b>FB CRAC</b>	11.24%	\$ 88,309.53
<b>SN CRAC</b>	4.61%	\$ 43,421
<b>Total</b>	<b>38.55%</b>	<b>\$ 396,050</b>
<b>SN &amp; FB</b>	15.85%	\$ 131,731

\$ in thousands



## TPP, Rates With Settlement After Calculating '04 CRACs

- Following GRSP methodology
- All 2003 data updated to final 3rd Quarter Review
- TPP is above 80%

Run 7: Calculate TPP with Settlement with draft GRSP CRAC % for 2004   BPA reserves							
Most figures are expected values; eventual values may be different or in some cases very different							
File Name: TK_192_Run-7_Settlement_TPPs-with-GRSP-04-CRACs_21-Aug-03.xls							
	FB\$	SN\$	FB+SN\$	End Rsvs	1-Yr TPP		
2004	<b>Run 7f is NOT Needed.</b>						
2005							
2006							
Avg./Tot							
	FB%	SN%	FB+SN%	FB+SN+L B%	Rate% over 2003	Thresh	Cap
2004							
2005							
2006							
Avg./Tot							



## TPP for Adjusted '04 Rates – With Settlement

- **Uses Administrator's discretion from GRSPs**
  - 2004 SN CRAC is zeroed out
  - 2005 and 2006 FB/SN CRAC recalibrated to reach 80% three-year TPP

Run 8f: Calculate TPP with 'Draft Settlement' meeting 0% SN for '04 & 80% TPP   BPA reserves							
<i>Most figures are expected values; eventual values may be different or in some cases very different</i>							
File Name: TK_196_Run-8f_Settlement_TPPs-with-04-SN-0%_NewLBs_16-Dec-03.xls							
	FB\$	SN\$	FB+SN\$	End Rsvs	1-Yr TPP		
2004	88	0	88	459	97%	84%	362
2005	63	97	159	375	87%	TRP	06 Reserves
2006	69	92	162	362	80%	-385	96
Avg./Tot	220	189	409		'04-06 TPP	'02-06 NR	06 PBL Rsrvs
	FB%	SN%	FB+SN%	FB+SN+L B%	Rate% over 2003	Thresh	Cap
2004	11.2%	0.0%	11.2%	34.6%	-7.89%	N / A	N / A
2005	7.7%	10.0%	17.6%	41.5%	-3.17%	-415	210
2006	8.3%	9.3%	17.7%	41.7%	-3.06%	-440	210
Avg./Tot	9.1%	6.4%	15.5%	39.3%	-4.71%		



## Effects on LB CRAC – With Settlement

- If the IOU-Public litigation is dropped there will be a reduction of \$100M in 2005 and \$100M in 2006 from the LB CRAC calculation.
- BPA's LB CRAC expenses go down;
- BPA's LB CRAC revenue goes down by same amount;

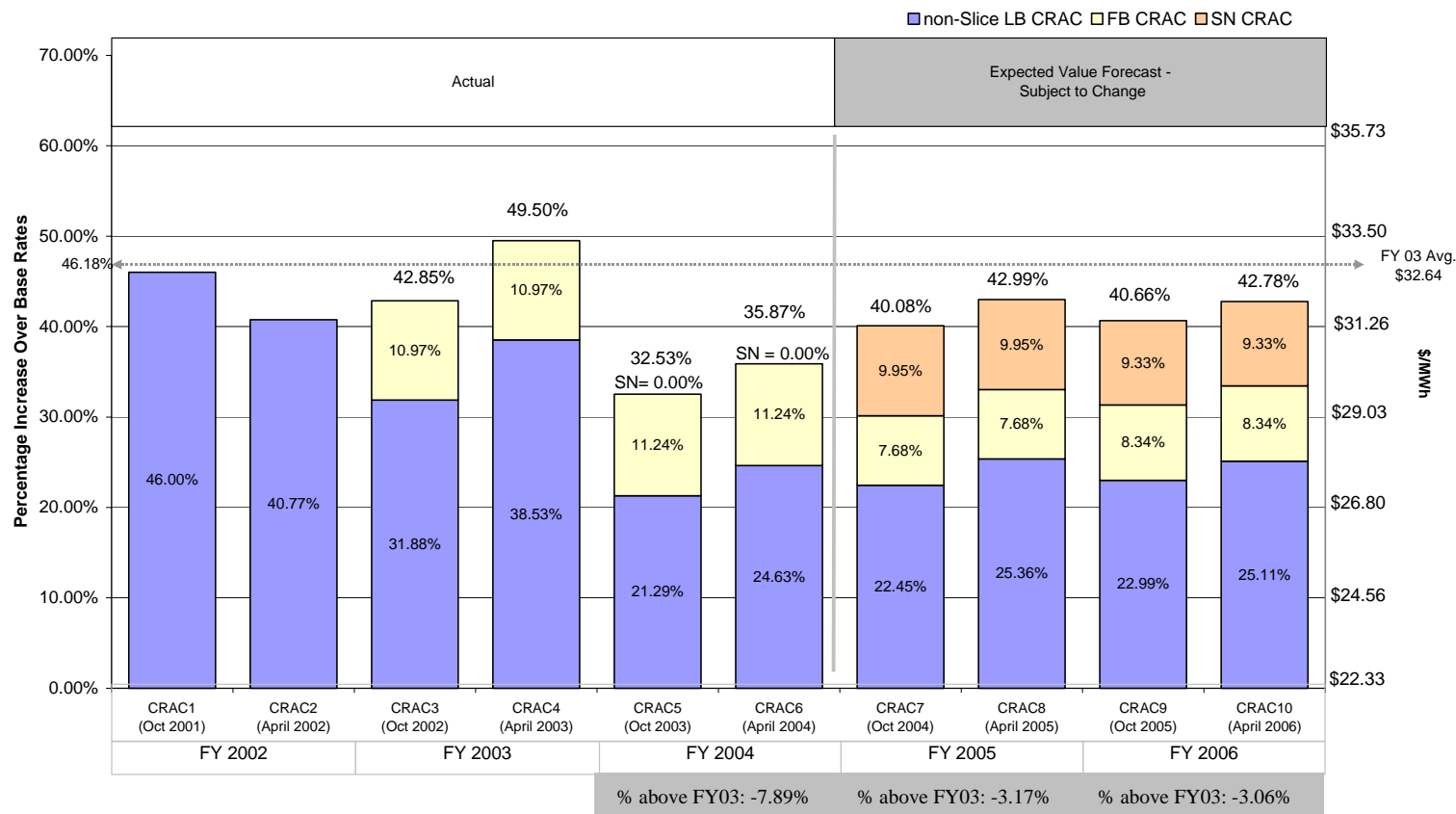




# SN CRAC Adjustment December 18, 2003

## Expected Power Rate Adjustments over May 2000 Base Rates for FY 2004-2006 w/ Settlement

### Forecasted Rates Over May 2000 Base Rates With Settlement, December LB Update and SN CRAC Correction



FY 2004 rates are based on a deterministic point forecast based on the final 3rd Quarter Results.

FY 2005-2006 rates are an expected value forecast calculated through ToolKit.

The percentage change from FY 2003 rates was calculated using ToolKit, which already accounts for the LB-SN Linkage.

*Rebate not included in estimated rates (FY05-06)*



## FY 2004 Average Rates

- All CRACs Included, Change from FY 2003 Rates

	<u>Aug. 28</u>	<u>Dec. 18 (final)</u>
No Settlement	+ 2.23%	- .92%
With Settlement	- 6.49%	- 7.89%

### *For Comparison:*

- *August 14<sup>th</sup> Workshop w/out Settlement* + 3.1%
- *June Final SN CRAC Proposal* + 3.8%
- *No SN CRAC, With Settlement (Sept. Update)* - 7.46%
- *No SN CRAC, with Settlement (Nov. Update)* - 7.49%



## Next Steps

- Without settlement, the revised SN CRAC presented today is the official rate that will replace the SN CRAC posted on October 1<sup>st</sup>.
- BPA will correct the SN CRAC rate it charges starting with the January bills for December service. In addition, BPA plans to credit the October overcharge on customers' March bills and credit the November overcharge on the April bills.